

Fiscal Note

BILL # HB 2240

TITLE: national guard members; tuition waivers

SPONSOR: Cardenas

STATUS: As Amended by House MAPS

PREPARED BY: Tom Ritland

Description

This bill would provide tuition waivers for members of the Arizona National Guard enrolled at any public institution of higher education in the state. The waivers would cover up to 16 credits per semester and a maximum of 120 credits towards a bachelor's degree and 33 credits towards a master's degree.

Estimated Impact

The bill is not expected to have a General Fund impact. The bill would only have an impact if the waivers incentivized more National Guard members to enroll at community colleges, because the state pays for increases in community college enrollment through statutory formulas. Each additional full-time community college student would cost the General Fund \$254 for operating aid and \$160 or \$210 (depending on the size of the district) for science, technology, engineering, and mathematics (STEM) aid; however, this analysis assumes that community college enrollment will stay flat because federal aid available to Guard members already covers the average cost of tuition at community colleges.

The bill will reduce university tuition revenue from Guard members who would have paid tuition without the waiver. Based on current participation in a federal program, the JLBC Staff estimates that providing National Guard members with tuition waivers would cost universities \$427,500 in foregone tuition revenues. If participation returned to the same level as the Department of Emergency and Military Affairs (DEMA) Tuition Reimbursement program administered through FY 2009, waivers would cost the universities \$2.0 million per year.

Analysis

Students will be eligible for a tuition waiver if they are in good standing as an active member of the Arizona National Guard, have been accepted into a course of study at a public institution, have applied for federal tuition benefits through the Department of Veterans Affairs and the Department of Defense, are an Arizona resident, and are in compliance with their program's grade point requirements. Students may only receive the waiver for courses that have open seats available after registration has closed for that course. A student who fails a course for which a waiver was provided must pay for those credits in full.

The state used to provide tuition reimbursement for National Guard members through a DEMA-operated Guardsmen Tuition Reimbursement program. The program has not been funded since FY 2009 when it was appropriated \$1.4 million from the General Fund. In FY 2009, the program had 1,325 applicants from 105 schools. Of the applicants, 504 went to a community college and 358 went to a public university. The remaining 463 attended a private or technical institution.

The universities were not able to provide current enrollment data for National Guard. According to DEMA, in FY 2013 there were 414 Guard members participating in a federal National Guard tuition assistance program. Of those, 123 were enrolled at a community college and 75 were enrolled at one of the state universities. The federal program provides up to \$4,500 per member per year for tuition assistance. Any tuition costs above \$4,500 per year are currently the responsibility of the student.

The average weighted tuition for a full-time undergraduate student at a public university in FY 2015 is \$10,200 and the average weighted tuition for a full-time student at a community college is \$2,400. The JLBC Staff was not able to determine how many of the students that participated in the old DEMA Reimbursement program or the federal program were enrolled full-time vs. part-time, nor could the JLBC Staff determine the percentage of university courses that have open seats available after registration closes. This analysis assumes that participants will be full-time students that fill leftover open seats in all of their classes. The JLBC Staff also assumes that all participants use the maximum federal benefit before

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taking advantage of the state program. This would reduce the university waiver amount by up to \$4,500 leaving an average tuition cost of \$5,700. At the current federal program participation level of 75, the waivers would cost the universities \$427,500 in foregone tuition. If participation returns to the FY 2009 level in the old DEMA program, the waivers would cost the universities \$2.0 million per year.

The community colleges would not experience a loss in tuition revenue because federal aid for Guard members covers the average tuition amount of \$2,400. The state would pay \$254 for each additional full-time community college student for operating aid, and another \$160 or \$210 (depending on the size of the district) for STEM aid, but enrollment is not expected to increase as a result of the bill because tuition is already covered through the federal program.

Local Government Impact

None

2/13/15